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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, DC 20554

In re Applications of	)	MM Docket No. 93-94
Scripps Howard Broadcasting Company	)	FCC File No. BRCT-910603KX
For Renewal of License of Station WMAR-TV, Baltimore, Maryland	)	
and	)	
Four Jacks Broadcasting, Inc.	)	FCC File No. BPCT-910903KE
For a Construction Permit For a New Television Facility on Channel 2 in Baltimore, Maryland	)	

TO: The Honorable Richard L. Sippel
Presiding Administrative Law Judge

MOTION FOR LEAVE TO SUBMIT NEWLY DISCOVERED EVIDENCE WITH RESPECT TO SCRIPPS HOWARD'S CROSS-MOTION FOR SUMMARY DECISION AND TO OFFER COMMENTS THEREON

Scripps Howard Broadcasting Company ("Scripps Howard"), through counsel, hereby seeks leave to file, as Scripps Howard Exhibit 35, newly discovered evidence relevant to Scripps Howard's Cross-Motion for Summary Decision that was filed March 14, 1994. That Cross-Motion seeks summary decision disqualifying Four Jacks Broadcasting, Inc. ("Four Jacks") on the basis of the misrepresentation/lack of candor issue added against Four Jacks in this proceeding, see Order, FCC 94M-51 (released February 1, 1994).

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INTRODUCTION

1. In brief, this new evidence--a Securities and Exchange Commission ("SEC") annual report which was signed by the Four Jacks principals themselves--directly contradicts Four Jacks' strident assertion of a central fact in its Motion for Summary Decision ("Motion") filed February 28, 1994. The SEC Form 10-K report--filed for Sinclair Broadcast Group, Inc. ("Sinclair")--shows that David, Robert and Frederick Smith, the proposed integrated principals of Four Jacks ("Principals"), not only are "employees" of Sinclair, but have knowingly taken advantage of the benefits available to them as employees of Sinclair and have recently reported this fact to the SEC. The new evidence thus flatly contradicts the crucial assertion in the Motion that these Principals are not Sinclair "employees." That the Four Jacks Principals are currently filing information under penalty of the criminal law with the SEC that conflicts with their representations in this proceeding is strong evidence that they are not prosecuting the Four Jacks application in good faith.

DISCUSSION

2. A central premise of Four Jacks' original opposition to the addition of the misrepresentation/lack of candor issue, and then of its Motion for Summary Decision, is the claim that Four Jacks' integrated Principals are not "employees" of Sinclair. See, e.g., Motion at 10 (claiming that it is "ridiculous" for Scripps Howard to argue that Four Jacks' Principals are employees of Sinclair), at 13 ("The principals of Four Jacks cannot be

characterized as 'employees' of Sinclair."), & at 14 ("Scripps Howard's argument that Four Jacks' principals are 'employees' of Sinclair is based on a total distortion of the record evidence and is refuted by each principal.").

3. Despite these categorical denials of being Sinclair "employees," thirty days later, Four Jacks' Principals signed and filed the attached annual report at the SEC which directly shows that all the claims of non-employee status in the Motion are flatly false and that the Principals' declarations in support of this Motion necessarily were offered with the intent to mislead the finder of fact.

4. Specifically, Sinclair's annual report filing at the SEC states:

> Key management <u>employees</u> are eligible to participate in the Company's Executive Bonus Plan (the "Bonus Plan"). The Bonus Plan is designed to provide incentives <u>to executive officers and other key employees</u> to achieve certain operating objectives of [Sinclair] . . . .

<u>See</u> Annual Report Pursuant to Section 13 or 15(D) of the Securities Exchange Act of 1934 (Form 10-K) filed by Sinclair Broadcast Group, Inc. on March 30, 1994 at 22 (emphasis added) (copy attached). This text indicates both that it is "employees" who are "eligible" to participate in this bonus plan and specifically that "executive officers" are in the class of "key employees" for whom the plan was "designed." <u>Id</u>.

5. On the preceding page of the SEC report it is revealed that there are only four "executive officers" of the company, and

their names are specifically identified in a table. See id., "Summary Compensation Table" and accompanying text at 21. These executive officers are the four owners, including David, Robert and Frederick Smith, the Four Jacks Principals. Id. This table and an accompanying note likewise show that each of the three Four Jacks Principals participated during 1993 in this bonus plan for "[k]ey management employees." See id., "Summary Compensation Table" (column labeled "Bonus" and note "(1)").

6. The SEC report also indicates that the original filing was signed by each of the Principals on March 30, 1994. Id at 29. Thus, within one month after urging the FCC to find that they were not "employees" of Sinclair, these same Principals confirmed in an SEC filing both that they are indeed Sinclair "employees" and that they were sufficiently aware of their status as Sinclair employees to have participated in a company bonus plan for "employees" in 1993.[1]

CONCLUSION

7. The major significance of the Form 10-K SEC filing is not that it adds to the overwhelming evidence already presented regarding the Principals' employee status at Sinclair. SEC form 10-K filings are made under threat of serious criminal law penalty, see 15 U.S.C. §78ff, and the Sinclair principals who signed this document may be presumptively charged with knowledge of the contents of documents they signed under threat of such

[1] Indeed, as Sinclair's directors, the Four Jacks Principals also administered this employee bonus plan. See the Form 10-K filing at 22.

criminal liability. Thus, for them to advise the SEC in March 1994 of their status and activities during 1993 as employees of Sinclair--without correcting the misleading record evidence they provided in their Motion and declarations in February--strongly indicates that they are not prosecuting the Four Jacks application in good faith.[2]

8. Four Jacks' Principals may have a right to present even the most outlandish claims on behalf of their case and to have those claims considered. They are not entitled, however, to waste the Commission's scarce resources by denying a relevant and material fact at the FCC while simultaneously stating under penalty of law to a sister federal agency that that contested material fact is indeed true. An applicant which chooses to flaunt the falsity of its own pleadings in other government

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[2] In this regard, Scripps Howard notes that the statements in the new Form 10-K about the "Executive Bonus Plan" and a chart identifying the Principals' participation in it were present in the earlier Sinclair SEC Registration Statements which are already in evidence in this proceeding. See, e.g., S.H. Exhibit 36 at 55-56. The offering of these statements now solely for the truth of the representations contained therein in connection with the pending summary decision motions thus would be subject to an objection for tardiness. No such objection can lie, however, against the argument raised herein. It is the ongoing nature of the inconsistent representations to two sister government agencies which this pleading addresses.

The acceptance of this evidence would be warranted in any event, however, in the interests of a prompt resolution of this issue. This SEC filing demonstrates that the Motion constituted an independent misrepresentation by Four Jacks to the Commission, and the public interest requires consideration of such conduct even if it is late-presented. In addition, Four Jacks is not prejudiced by consideration of this new evidence so long as Four Jacks has a full opportunity to respond.

filings surely has forfeited its right to continue pressing its false case at the FCC.

WHEREFORE, Scripps Howard Broadcasting Company requests that the Presiding Judge receive into evidence, as Scripps Howard Exhibit 35, the Form 10-K statement filed by Sinclair Broadcast Group, Inc. on March 30, 1994, with the Securities and Exchange Commission. Furthermore, Scripps Howard requests that, in light of this new evidence, as well as the evidence already in the record, the Presiding Judge should grant its Cross-Motion for Summary Decision on the misrepresentation/lack of candor issue now pending against Four Jacks in this proceeding.

Respectfully submitted,

SCRIPPS HOWARD BROADCASTING COMPANY

By: ______________________
Kenneth C. Howard, Jr.
Leonard C. Greenebaum
Sean H. Lane

Its Attorneys

BAKER & HOSTETLER
1050 Connecticut Avenue, N.W.
Suite 1100
Washington, D.C. 20036
(202) 861-1500
April 7, 1994

Certificate of Service

I, Diane G. Wright, a secretary in the law offices of Baker & Hostetler, hereby certify that I have caused copies of the foregoing "Motion for Leave to Submit Newly Discovered Evidence with Respect to Scripps Howard's Cross-Motion for Summary Decision and to Offer Comments Thereon" to be sent this 7th day of April, 1994, via United States First Class Mail, postage prepaid, to the following:

The Honorable Richard L. Sippel*
Presiding Administrative Law Judge
Federal Communications Commission
2000 L Street, N.W.
Room 218
Washington, DC 20554

Martin R. Leader, Esq.
Kathryn R. Schmeltzer, Esq.
Gregory L. Masters, Esq.
Fisher, Wayland, Cooper, Leader & Zaragoza
2001 Pennsylvania Avenue, N.W.
Suite 400
Washington, DC 20006
Counsel to Four Jacks
Broadcasting, Inc.

Robert Zauner, Esq.*
Hearing Branch-Mass Media Bureau
Federal Communications Commission
2025 M Street, N.W.
Room 7212
Washington, DC 20554

Diane G Wright

Diane G. Wright

* **By Hand**

ATTACHMENT

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1993 **Commission file number 33-69482**

SINCLAIR BROADCAST GROUP, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

52-1494660
(I.R.S. Employer
Identification No.)

2000 W. 41st Street
Baltimore, Maryland 21211
(Address of principal executive offices, including zip code)

(410) 467-5005
(Registrant's telephone number including area code)

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes_X_ No____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. _X_

No Common Stock is held by non-affiliates of the Registrant.

The number of shares of Common Stock outstanding as of March 28, 1994 was 691,980.

PART I

ITEM 1. BUSINESS

Overview

Sinclair Broadcast Group, Inc. owns and operates three Fox-affiliated independent UHF television stations: WBFF-TV in Baltimore, Maryland ("WBFF"); WPGH-TV in Pittsburgh ("WPGH"), Pennsylvania; and WTTE-TV in Columbus, Ohio ("WTTE"). WBFF and WPGH are the leading revenue producing independents in their respective markets. WTTE is the sole independent in the Columbus market. Each of the stations broadcasts in one of the 35 largest media markets in the country. The Company's three markets are characterized by favorable demographics and strong local economies.

In September 1993, Commercial Radio Institute, Inc. ("CRI"), a then wholly owned subsidiary of the Company, was liquidated into the Company. The Company had acquired all of the issued and outstanding stock of CRI in December 1986. At the time of the merger of CRI into the Company, CRI owned no material assets other than all of the issued and outstanding capital stock of the operating subsidiaries of the Company. The merger was accomplished to simplify the corporate structure of the Company.

Recent Developments

In August 1993, the Company, through its wholly-owned subsidiaries (the "Subsidiaries"), and ABRY Communications, L.P. ("ABRY"), through related partnerships and business entities, including BBM Partners, L.P., entered into asset purchase agreements for the Company's acquisition of WCGV-TV in Milwaukee, Wisconsin ("WCGV") and WTTO-TV in Birmingham, Alabama ("WTTO") for an aggregate purchase price of approximately $60 million, subject to certain closing conditions and purchase price adjustments. WCGV is one of three independents in the Milwaukee market, the 28th largest media market in the country. WTTO is the leading revenue producing independent in the Birmingham market, the 49th largest media market in the country. WCGV and WTTO are each affiliated with the Fox network. With respect to the proposed acquisition of WCGV, the Company intends to acquire substantially all of the assets owned by WCGV for a purchase price of approximately $30.5 million. The assets intended to be acquired include the Federal Communications Commission ("FCC") license, the transmitter and other technical equipment, call letters, trademarks, furniture, fixtures, equipment, programming contracts and real property. With respect to the proposed acquisition of WTTO, the Company intends to acquire substantially all of the assets owned by WTTO for a purchase price of approximately $29.5 million. The assets intended to be acquired include the FCC license, the transmitter and other technical equipment, call letters, trademarks, furniture, fixtures, equipment, programming contracts and real property, including transmitter and tower sites.

In addition, the Company and ABRY entered into an agreement for the purchase by the Company from WVTV-TV in Milwaukee ("WVTV") of programming contracts, advertiser subscription lists, production equipment and certain other assets (excluding the FCC license, transmitter, technical equipment, call letters and trademarks, and certain furniture, fixtures and equipment) for approximately $28 million. In addition, the Company has agreed with ABRY to purchase for approximately $37 million all equity interests in WNUV-TV in Baltimore ("WNUV") (subsequent to the transfer by WNUV of its FCC license, transmitter, technical equipment, call letters and trademarks and certain other assets), whose assets at the time of purchase will consist substantially of programming contracts, advertiser subscription lists and production equipment. The purchases are subject to certain closing conditions and purchase price adjustments. In compliance with FCC regulations, the Company has not sought to acquire the FCC licenses of WVTV and WNUV because the Company already holds an FCC license for the Baltimore market and has a pending application for an FCC license in the Milwaukee market.

Upon completion of the transactions with WCGV, WTTO, WVTV and WNUV (the "Proposed Acquisitions"), the Company will pay approximately $56 million to certain principals and affiliates of ABRY pursuant to a three-year covenant not to compete and consulting agreements in the Milwaukee, Birmingham, Baltimore, Pittsburgh and Columbus markets.

Consummation of each of the Proposed Acquisitions is subject to the receipt of sufficient financing and certain closing conditions, including the closing of each of the other Proposed Acquisitions. FCC consent for the Proposed Acquisitions is required and is a precondition to closing. Applications with the FCC were filed by the Company in August 1993 seeking approval of the Proposed Acquisitions, and the Company estimates that the FCC will rule on the Proposed Acquisitions during the second quarter of 1994. If the FCC grants its consent to these transactions, members of the general public have approximately 30 days from the day upon which public notice of the FCC's consent to these transactions is granted to petition the FCC to reconsider, review or stay the FCC consent to any of these transactions. The FCC has approximately an additional 10 days to set aside on its own motion the consent to any of these transactions. Thus, assuming that no action is taken to reconsider or review the FCC consent, the FCC consent to these transactions becomes final approximately 40 days from the date on which the FCC issues its public notice reflecting the grant of the consent. Whether or not FCC consent has been obtained, any party to the purchase agreements may terminate such agreements after June 30, 1994.

ABRY has also entered into purchase agreements to sell the FCC license, transmitter, technical equipment, call letters and trademarks, and certain furniture, fixtures and equipment of WVTV to Glencairn, Ltd. ("Glencairn") simultaneously with the closing of the Proposed Acquisitions (the "Glencairn Acquisition"). If FCC consent to the Glencairn Acquisitions as proposed in the current FCC application is obtained, the Company expects to enter into a Program Service Agreement ("PSA") with Glencairn with respect to WVTV, whereby the Company, in exchange for an hourly fee, will obtain the right to program and sell advertising on substantially all of the station's inventory of broadcast time. Nevertheless, Glencairn will have full control and responsibility for the operations of the station, including control over all programming broadcast on the station, through the acquisition of the FCC license of WVTV. Glencairn is a corporation in which a majority of the voting capital stock is owned by Carolyn C. Smith, the mother of the current stockholders of the Company: David D. Smith, Frederick G. Smith, J. Duncan Smith and Robert D. Smith (the "Current Stockholders"). Edwin L. Edwards, Sr., a former station manager with the Company, is the president and chief operating officer of Glencairn and the other voting stockholder of the corporation.

In December 1993, the Company issued $200 million principal amount of its 10% Senior Subordinated Notes due 2003 (the "Senior Subordinated Notes"), under the terms of which the Company held in escrow $100 million of the proceeds pending consummation of the Proposed Acquisitions. In March 1994, ABRY and Glencairn mutually requested the FCC to withdraw their application to assign the license for WNUV to Glencairn. Pursuant to the terms of the Indenture under which the Senior Subordinated Notes were issued, the Company is required to redeem at par $100 million principal amount of the Senior Subordinated Notes from the proceeds held in escrow. The redemption is scheduled to occur on March 30, 1994. If the Company consummates the Proposed Acquisitions, it anticipates financing the transactions through banks or other third party lenders.

The Company's Television Stations

The following table sets forth general information for each of the Company's stations as of November 1993.

Station	Market Area	Channel/ Frequency	Approx. Market Population	Approx. Market Television Household	Market Rank	Total Commercial Stations in Market(a)	Expiration Date of License
WBFF	Baltimore	45/UHF	2,556,300	977,100	22	5	October 1, 1996
WPGH..................	Pittsburgh	53/UHF	2,847,500	1,167,100	17	5	August 1, 1994
WTTE	Columbus	28/UHF	1,840,500	718,700	34	4	October 1, 1997

(a) Total number of commercial broadcast television stations licensed in the media market delivering at least 1% of the 6:00 a.m. to 2:00 a.m., Sunday to Saturday audience.

During 1993, WBFF, WPGH and WTTE generated 33.1%, 36.2.% and 30.7%, respectively, of the Company's net broadcast revenues.

WBFF: Baltimore, Maryland

WBFF operates in the 22nd largest media market in the country, with over 970,000 television households and a population of approximately 2.5 million. The average household effective buying income in the Baltimore metropolitan area was $43,272 as of November 1993. Because of its large and diverse population, as well as its proximity to Washington, D.C., the seventh ranked media market in the country, Baltimore is attractive to advertisers. It is home to a large number of state and federal employees, and has significant concentrations of business in the education, health care and defense industries.

In June 1991, WBFF instituted local news programming in the Baltimore market. This local news programming, "The News at Ten," airs daily at 10:00 p.m., seven days a week, with news updates during regular programming hours. The program premiered in the July 1991 Nielsen ratings with a five household share and has since grown to a nine household share as of November 1993.

WBFF is the leading station in children's programming in Baltimore. WBFF has pioneered the concept of a "Kids Club" which the Company believes is directly responsible for generating additional ratings and promotional opportunities for the station. The station currently has over 100,000 members as part of its Kids Club.

The Company may be required to divest its broadcast license for WBFF if an affiliate of the Company is granted a broadcast authority for a competing station pursuant to a pending application at the FCC. This divestiture may or may not have a material adverse effect on the Company's ability to service its debt obligations. Due to the uncertainty of the outcome of the pending application and the anticipated length of time necessary for the FCC to rule upon the affiliate's application and the competing application, the Company cannot predict how the divestiture, if required, will be accomplished.

WPGH: Pittsburgh, Pennsylvania

WPGH operates in the 17th largest media market in the country, with over 1.1 million television households and a population of approximately 2.8 million. The average effective household buying income was $36,966 in November 1993. The Pittsburgh economy, once dependent on heavy manufacturing, has shifted toward a diverse high technology base. Overall, 85% of Pittsburgh's work force is employed in non-manufacturing industries. Pittsburgh is known as one of the leading medical centers in the country. Pittsburgh is home to many

Fortune 500 corporations, including USX Corporation, Westinghouse Electric Corporation, Aluminum Company of America (Alcoa), PPG Industries, Inc. and H.J. Heinz Company.

WPGH is the leading children's programmer in the Pittsburgh market. The station's Fox 53 Kids Club currently has approximately 125,000 members. As part of its Kids Club, WPGH produces local inserts, entitled "Club AM," in its morning block of children's programming.

WTTE: Columbus, Ohio

WTTE operates in the 34th largest media market in the country, with over 718,000 television households and a population of approximately 1.8 million. The metropolitan area had an average household effective buying income of $38,929 in November 1993. Columbus is Ohio's state capital and home to such Fortune 500 companies as Nationwide Mutual Insurance Company, Wendy's International, Inc., The Limited, Inc. and BancOne Corporation. The media market is characterized by a relatively young population, including 60,000 students at Ohio State University. Columbus has a diversified economy, supported by industries such as education, telecommunications, insurance and retailing, and has recently opened the Greater Columbus Convention Center.

As the sole commercial independent in the Columbus market, WTTE enjoys a wide range of programming possibilities which are available at attractive prices. Because competition is limited to the major network affiliates, the station is better able to utilize counter-programming to its competitive advantage.

WTTE is the leading children's programmer in the Columbus market. WTTE's Kids Club membership has approximately 125,000 members, representing 40% of the children in the market.

Operating Strategy

The Company's operating strategy is: (i) to increase viewership and advertising revenues through the acquisition of quality programming, the use of counter-programming and children's programming, the introduction and development of hour-long local news at 10:00 p.m., and extensive community involvement by its stations; (ii) to aggressively control operating and programming costs; and (iii) to acquire additional broadcasting properties which offer attractive growth opportunities.

The Company believes that an important factor in increasing the viewership of its stations is their affiliations with Fox. These affiliations enable the Company to capture additional viewers by virtue of the quality first-run original programming provided by the Fox network and Fox's promotion of such programming. The Company also seeks to obtain quality syndicated programming at attractive prices.

By employing a disciplined approach to managing programming and other expenses the Company has been able to achieve high operating margins. The Company has and believes that it will continue to acquire quality programming at prices consistent with operating revenues generated by the programming. As an owner or operator of multiple stations in the top 50 media markets, the Company believes that it is able to negotiate favorable terms for the acquisition of programming. Moreover, each station emphasizes control of its programming and operating costs through program specific profit analysis, detailed budgeting, tight control over staffing levels and expense analysis.

In addition to the stations included in the Proposed Acquisitions, the Company seeks to identify and acquire under-performing television stations in larger mid-size markets (principally the 10th through the 50th largest advertising markets). The Company believes that stations located in the larger mid-size markets offer the best opportunity to achieve growth in market share and broadcast advertising revenues. Additional factors considered by the Company in a potential acquisition include geographic location, demographic profile and competitive dynamics of the market. The Company has considered these factors in determining whether to enter into the Proposed Acquisitions. Other than the stations included in the Proposed Acquisitions, the Company has no commitments, understandings or agreements to acquire any broadcast property. There can be no assurance that the Company will consummate the Proposed Acquisitions or that it will be able to identify and acquire additional broadcast properties.

Fox Affiliation

Each of the Company's current stations, as well as the two stations proposed to be acquired, WCGV and WTTO, are affiliated with Fox pursuant to the affiliation agreements described below. The Fox television network commenced operations in October 1986. During this period, Fox has developed a network of approximately 146 affiliates and Fox programming is currently available in more than 92% of the television households in the United States. The amount of programming provided by Fox to its affiliates has increased from a total of five hours on two nights per week in July 1987 to 20 hours on seven nights per week (including 15 hours of prime time programming) currently. Fox programming is intended to appeal primarily to a target audience of 18 to 49 year old adults.

The Fox affiliation agreements with respect to WBFF, WPGH and WTTE currently run until October 1998 and may be extended by Fox thereafter. Pursuant to such agreements, Fox provides the Company's stations with programming in return for the stations broadcasting Fox-inserted commercials in such programming. The stations also retain the right to include a limited amount of commercials during Fox programming and receive additional compensation based on certain performance and other criteria. These agreements are, however, subject to termination by Fox in certain circumstances including, among others: (i) if within any 12-month period a station makes or will make three or more unauthorized preemptions of Fox programming, Fox may terminate upon 30 days' prior written notice; (ii) in the event there is a material change in a station's operations making the affiliation less valuable to Fox, Fox may terminate upon 30 days' prior written notice; (iii) if a station refuses to broadcast certain Fox programming, Fox may terminate upon six months' prior notice; and (iv) if Fox or any affiliated entity of Fox acquires another station within a station's market, Fox may terminate upon 60 days' prior notice. The Company believes that Fox has terminated relatively few of its contracts with other Fox affiliates during the last five years.

Two groups of media companies recently announced their intentions to establish separate affiliations of independent television stations similar to the Fox network. The Company cannot predict at this time the impact of the development of such networks upon the broadcast television industry, the Fox network or the Company's business.

Programming

Broadcast television stations compete with other television stations in their markets for the acquisition of programming. Generally, cable systems do not compete with local stations for programming, but various national cable networks do from time to time acquire programming that could have been offered to local television stations. Public broadcasting stations generally compete with commercial broadcasters for viewers but not for advertising dollars. Historically, the cost of programming had increased because of an increase in the number of new independent stations and a shortage of quality programming. However, over the past five years, program prices have stabilized and, in some instances, have declined as a result of recent increases in the supply of programming and the failure of some independent stations.

Competition

The Company's television stations compete for audience share and advertising revenue with other television stations in their respective markets, as well as with other advertising media, such as newspapers, radio, magazines, outdoor advertising, transit advertising, yellow page directories, direct mail and local cable systems. Some competitors are part of larger organizations with substantially greater financial, technical and other resources than the Company.

Competition in the broadcasting industry occurs primarily in individual markets. Generally, a television broadcasting station in one market does not compete with stations in other market areas. The Company's television stations are located in highly competitive markets. In addition, the Baltimore market is overlapped by both over-the-air and cable carriage of Washington, D.C. stations which tends to spread viewership and advertising expenditures over a larger number of broadcast stations.

Stations compete for audience share primarily on the basis of program popularity, which has a direct effect on advertising rates. A majority of the Company's prime time programming is supplied by Fox. In those periods, the stations are totally dependent upon the performance of the Fox programs in attracting viewers. Non-network time periods are programmed by the station primarily with syndicated programs purchased for cash, cash and barter, or barter-only, and also through self-produced news, public affairs and other entertainment programming.

Advertising rates are based upon the size of the market in which the station operates, a program's popularity among the viewers that an advertiser wishes to attract, the number of advertisers competing for the available time, demographic makeup of the market served by the station, the availability of alternative advertising media in the market area, aggressive and knowledgeable sales forces and development of projects, features and programs that tie advertiser messages to programming. The Company believes that its focus on larger mid-sized markets, its focus on the 18-49 demographic and the strength of its children's programming allows it to compete effectively for advertising within its markets.

Other sources of competition for audience include home entertainment systems (including video cassette recorder and playback systems, videodiscs and television game devices), multipoint distribution systems, multichannel multipoint distribution systems, wireless cable, satellite master antenna television systems and some low-power, in-home satellite services. The Company's television stations also may face future competition from high-powered direct broadcast satellite services which could transmit programming directly to homes equipped with special receiving antennas or to cable television systems for transmission to their subscribers.

The Company also competes for programming which involves negotiating with national program distributors or syndicators which sell first-run and rerun packages of programming. The Company's stations compete for exclusive access to those programs against in-market broadcast station competitors for syndicated products. Cable systems generally do not compete with local stations for programming, although various national cable networks from time to time have acquired programs that would have otherwise been offered to local television stations.

Further advances in technology may increase competition for household audiences and advertisers. Video compression techniques, now under development for use with current cable channels or direct broadcast satellites (scheduled to commence operation in 1994), are expected to reduce the bandwidth required for television signal transmission. These compression techniques, as well as other technological developments, are applicable to all video delivery systems, including over-the-air broadcasting, and have the potential to provide vastly expanded programming to highly targeted audiences. Reduction in the cost of creating additional channel capacity could lower entry barriers for new channels and encourage the development of increasingly specialized "niche" programming. This ability to reach very defined audiences may alter the competitive dynamics for advertising expenditures. The Company is unable to predict the effect that technological changes will have on the broadcast television industry or the future results of the Company's operations.

The Company believes it competes favorably against other stations because of its management skill and experience, the ability of the Company to generate revenue share greater than its audience share, the Fox network affiliation and its local program acceptance. In addition, the Company believes that it benefits from the operation of more than one broadcast property, affording it certain non-quantifiable economies of scale and competitive advantages in the purchase of programming.

Employees

As of December 31, 1993, the Company had approximately 215 full-time employees and 44 part-time employees. With the exception of the employees of WPGH, none of the employees are represented by labor unions under any collective bargaining agreement. No significant labor problems have been experienced by the Company, and the Company considers its overall labor relations to be good.

Licensing and Regulation

The following is a brief summary of certain provisions of the Communications Act and of specific FCC regulations and policies. Reference should be made to the Communications Act, FCC rules, and the public notices and rulings of the FCC for further information concerning the nature and extent of the federal regulation of broadcast stations.

All television broadcasting is subject to the jurisdiction of the FCC pursuant to the Communications Act. The FCC is empowered to: (i) issue, renew, revoke, and modify broadcast licenses; (ii) prescribe qualifications for holding broadcast licenses; (iii) regulate the broadcast frequency, operating power, and location of, and the transmitting equipment used by stations; (iv) adopt rules and regulations necessary to carry out the provisions of the Communications Act; and (v) impose certain penalties for violations of the Communications Act and of the FCC regulations. Such regulations affect many aspects of the day-to-day operations of television stations.

Usually, television station licenses are granted for a maximum allowable period of five years and are renewable thereafter for additional five year periods. The FCC may revoke licenses for serious violation of its regulations. Petitions to deny renewal of a license or competing applications may be filed for the frequency used by the renewal applicants on or before the first day of the last month of a license term. Generally, however, in the absence of serious violations of FCC rules or policies and upon a showing that the station has dealt significantly with important issues concerning its community of license, the license renewal is expected in the ordinary course. All three of the Company's stations are presently operating under regular five-year licenses, which expire on August 1, 1994 (WPGH), October 1, 1996 (WBFF) and October 1, 1997 (WTTE).

No broadcast licensee can assign or transfer control of the license without the prior approval of the FCC. Under the Communications Act, (i) no license may be held by a corporation of which any officer or director is an alien or of which more than 20% of the capital stock is owned of record, voted, or subject to control by aliens, and (ii) no corporation may control another corporation holding broadcast licenses if any officers or more than 25% of the directors of such parent corporation are aliens, or more than 25% of the capital stock of such parent corporation is owned of record, voted, or subject to control by aliens unless the FCC finds such alien interests in the parent corporation to be in the public interest. The Company and the Subsidiaries are domestic corporations, and the Current Stockholders are all United States citizens.

"Must Carry/Retransmission Rule." In the past, cable systems were required to carry all broadcast stations that met the definition of a "local" or "significantly" viewed station. These rules were called the "Must Carry Rules." However, the "Must Carry Rules," in the form previously adopted by the FCC, were declared unconstitutional. Immediately thereafter, cable systems were not required to carry local television station signals and could shift a station to an undesirable channel position on the cable system. Legislation recently passed in Congress has now established a new version of the "Must Carry Rules." The United States Supreme Court is currently reviewing a challenge to the new "Must Carry Rules." Under the rules as enacted, a local television station had to make an election by June 15, 1993 to: (i) require the appropriate cable systems to carry said local station; or (ii) grant the appropriate cable system the authority to retransmit the broadcast signal of the local station for a fee. Even if the local station elects to grant authority to the cable system to retransmit its broadcast signal, the cable system is under no obligation to carry the local station unless acceptable terms and conditions for said rebroadcast have been agreed to on or before October 5, 1993. If a station is not carried by a cable system in its area or shifted to an undesirable channel, the station could experience a decline in viewership which could adversely affect its

revenues. The Company has approached most of its cable systems on a retransmission basis, but on certain outlying cable systems, it has elected must carry status. The Company's stations continue to be carried on all of its cable systems, and the Company does not believe that its election has resulted in the shifting of its stations to less desirable cable channel locations.

Syndicated Exclusivity/Territorial Exclusivity. The FCC has imposed syndicated exclusivity rules and expanded existing network nonduplication rules. These syndicated exclusivity rules allow local broadcast stations to command that cable operators black out certain syndicated non-network programming carried on "distant signals" (i.e., signals of broadcast stations, including so-called super stations, which serve areas substantially removed from the cable system's local community). The network non-duplication rules allow local broadcast network affiliates to require that cable operators black out duplicating network broadcast programming carried on more distant signals. WTTE and WPGH are the only Fox affiliates carried on their respective local cable systems; however, some of the cable systems which carry WBFF also carry the Fox-owned station, Channel 5, in Washington, D.C. This is not in violation of the FCC syndicated exclusivity rules. However, the carriage of two Fox stations on the same cable system could result in a decline of viewership adversely affecting the revenues of WBFF.

Financial Interest/Syndication and Prime Time Access Rules. Previously, financial interest/syndication ("FIN/SYN") rules applied to any network and posed various restrictions on its operation and activities. Network status has been considered to exist under these rules when a broadcast company's weekly programming offerings exceed 15 hours. These rules prohibited networks from engaging in syndication for the sale, licensing, or distribution of television programs for non-network broadcast exhibition in the United States. Further, these rules prohibited networks from sharing profits from any syndication and from acquiring any new financial or proprietary interest in programs of which they are not the sole producer.

The FCC has recently relaxed the restrictions on current FIN/SYN rules, enabling the major networks to acquire specified amounts and kinds of financial interests in program syndication and to engage in program syndication themselves. The Company cannot predict the effect of these relaxed restrictions under the FIN/SYN rules on the Company's ability to acquire desirable programming at reasonable prices.

The FCC's prime time access rule also places programming restrictions on affiliates of "networks." In the past, this rule restricted affiliates of "networks" in the 50 largest television markets (as defined by the rule) generally to no more than three hours of network programming during the four hours of prime time. All of the Company's stations are located in the nation's top 50 markets.

Recently, the FCC changed its definition of "network" to include those entities that deliver more than 15 hours of "prime time programming" (a term defined in those rules) to affiliates reaching 75% of the nation's television homes. Under this definition, Fox and its affiliates, including the Company's stations, are not subject to the prime time access rule.

Ownership Limitations. The FCC has adopted a number of rules designed to prevent monopolies or undue concentrations of control. In general, no single entity is currently permitted to own, operate, or have an attributable interest in more than 18 AM radio stations, 18 FM radio stations, and 12 television stations. Another FCC rule prohibits any entity from acquiring an additional television station if, after the acquisition, the entity owns television stations reaching more than 25% of the United States television households. Historically, VHF stations have shared a larger part of the market than UHF stations. As such, only half of the households in the market area of any UHF station owned by an entity are included when calculating whether an entity reaches more than 25% of the United States television households. All of the Company's stations are UHF. The FCC also prohibits ownership in the same geographic area of: (i) television stations and cable systems; (ii) television stations and newspapers; and (iii) television stations and radio stations in markets below the top 25 or, in general, which, even if among the top 25, do not have at least 30 separate broadcast station owners.

When applying its multiple ownership rules, the FCC attributes the interest of corporate licensees to the holders of corporate interests as follows: (i) any voting stock interest amounting to 5% or more of the outstanding voting stock of the corporate broadcast licensee generally will be attributable; (ii) no minority voting stock interest will be attributable if there is a single holder of more than 50% of the outstanding voting stock of a corporate broadcast licensee; and (iii) in general, certain investment companies, insurance companies, and banks holding stock through their trust departments in trust accounts will be considered to have an attributable interest only if they hold 10% or more of the outstanding voting stock of a corporate broadcast licensee. Further, corporate officers and directors and general partners and most limited partners of partnerships may be personally attributed with media interests of the corporations or partnerships of which they are officers, directors, or partners. The present stockholders of the Company hold attributable interests in two entities owning media properties, namely: Channel 63, Inc., licensee of a UHF television station in Bloomington, Indiana serving the Indianapolis media market under the call letters WIIB, and Bay Television, Inc., licensee of a UHF television station serving the St. Petersburg, Florida market under the call letters WTTA. Neither station is a Fox affiliate. All of the issued and outstanding shares of Channel 63, Inc. are owned by the Current Stockholders. All the issued and outstanding shares of Bay Television, Inc. are owned by the Current Stockholders (75%) and Robert L. Simmons (25%), a former stockholder of the Company. The Company believes that such holdings will not materially restrict its ability to acquire television stations or to pursue its strategy of expansion through acquisitions.

Restrictions on Broadcast Advertising. Advertising of cigarettes and distilled spirits on broadcast stations has been banned for many years. Congressional committees have recently examined legislation proposals which may eliminate or severely restrict the advertising of beer and wine. Although no prediction can be made as to whether any or all of the present proposals will be enacted into law, the elimination of all beer and wine advertising would have an adverse effect upon the revenues of the Company's television stations, as well as the revenues of other stations which carry beer and wine advertising.

The FCC has imposed commercial time limitations in children's programming pursuant to legislation. In programs designed for viewing by children of 12 years of age and under, commercial matter will be limited to 12 minutes per hour on weekdays and 10.5 minutes per hour on weekends. All television stations will be required to broadcast some television programming designed to meet the educational and informational needs of children 16 years of age and under. The Company does not believe that these requirements will have a significant impact on the stations since all of its stations have already limited commercials in such programming.

Programming and Operation. The Communications Act requires broadcasters to serve the "public interest." The FCC gradually has relaxed or eliminated many of the more formalized procedures it had developed in the past to promote the broadcast of certain types of programming responsive to the needs of a station's community of license. Licensees continue to be required, however, to present programming that is responsive to community issues, and to maintain certain records demonstrating such responsiveness. Complaints from viewers concerning a station's programming often will be considered by the FCC when it evaluates renewal applications of a licensee, although such complaints may be filed at any time and generally may be considered by the FCC at any time. Stations also must follow various rules promulgated under the Communications Act that regulate, among other things, political advertising, sponsorship identifications, the advertisement of contests and lotteries, obscene and indecent broadcasts, and technical operations, including limits on radio frequency radiation. In addition, licensees must develop and implement affirmative action programs designed to promote equal employment opportunities, and must submit reports to the FCC with respect to these matters on an annual basis and in connection with a renewal application.

Failure to observe these or other rules and policies can result in the imposition of various sanctions, including monetary forfeitures, or the grant of "short" (less than the full five-year) renewal terms or, for particularly egregious violations, the denial of a license renewal application or the revocation of a license.

Proposed Changes. On March 12, 1992, the FCC initiated a proceeding to solicit comment on whether it should liberalize its radio and television broadcast ownership "attribution" rules by (i) raising the basic benchmark for attributing ownership in a corporate licensee from 5% to 10% of the licensee's voting stock; (ii) increasing from 10% to 20% of the licensee's voting stock the attribution benchmark for "passive investors" in corporate licensees; (iii) broadening the class of investors eligible for "passive investor" status; and (iv) exempting certain widely-held limited partnership interests from attribution where each individual interest represents an insignificant percentage of total partnership equity.

The Congress and the FCC have under consideration, and in the future may consider and adopt, new laws, regulations and policies regarding a wide variety of matters that could affect, directly or indirectly, the operation, ownership and profitability of the Company's broadcast stations, result in the loss of audience share and advertising revenues for the Company's broadcast stations, and affect the ability of the Company to acquire additional broadcast stations or finance such acquisitions. Such matters include: (i) changes to the license renewal process; (ii) imposition of spectrum use or other fees on FCC licensees; (iii) the FCC's equal employment opportunity rules and other matters relating to minority and female involvement in the broadcasting industry; (iv) proposals to change rules relating to political broadcasting; (v) technical and frequency allocation matters; (vi) changes in the FCC's cross-interest, multiple ownership and cross-ownership policies; (vii) changes to broadcast technical requirements; (viii) proposals to allow telephone companies to deliver audio and video programming to the home through existing phone lines; and (ix) proposals to limit the tax deductibility of advertising expenses by advertisers.

The FCC has initiated a Notice of Inquiry proceeding seeking comment on whether the public interest would be served by establishing limits on the amount of commercial matter broadcast by television stations. No prediction can be made at this time as to whether the FCC will impose any limits on commercials at the conclusion of its deliberations, or what effect, if any, the imposition of limits on the commercial matter broadcast by television stations would have upon the Company's operations.

ITEM 2. PROPERTIES

Generally, each of the Company's stations has facilities consisting of offices, studios and tower sites. Transmitter and tower sites are located to provide maximum signal coverage of the stations' markets. The following tables generally describe the Company's principal owned and leased real property:

Owned Facilities	Use	Location	Approx. Size (Sq. Ft.)
WTTE(1)	Office/Studio	Westerville, OH	14,400
WTTE(1)	Office/Studio	Westerville, OH	4,300
WPTT(2)................	Office/Studio	Monroeville, PA	30,000

(1) This property is owned by WPGH, Inc. and leased to WTTE, Inc.
(2) This property is owned by WPGH, Inc. and leased to WPTT, Inc.

Leased Facilities	Use	Location	Approx. Size (Sq. Ft.)	Lease Expiration Date (1)
WBFF	Office/Studio	Baltimore, MD	39,000	9/1/2011
....	Tower Site #1 (Dish)	Baltimore, MD	N/A	4/1/2012
....	Tower Site #1 (Receivers)	Baltimore, MD	N/A	6/1/2011
....	Tower Site #1 (Transmitter/Antenna)	Baltimore, MD	N/A	4/2/2007
....	Tower #2 (Auxiliary Transmitter/Antenna)	Baltimore, MD	N/A	3/16/2008
....	Parking Lot	Baltimore, MD	N/A	6/6/94
....	Old Office/Studio	Baltimore, MD	13,000	mo. to mo.
WPGH...........................	Office/Studio	Pittsburgh, PA	25,498	10/1/2028
....	Tower Site (Antenna)	Pittsburgh, PA	N/A	10/1/2028
WTTE	Tower Site (Transmitter/Antenna)	Columbus, OH	N/A	6/1/2003

(1) Lease expiration date assumes exercise of all renewal options of the Company.

All of the Company's leased facilities, except for the tower site (transmitter/antenna) for WTTE, are owned by and leased from affiliated corporations of the Company. All leases are at market rates, and the Company believes that the duration of each lease is adequate. The WTTE tower site is leased from Ohio State University. All of the properties leased from affiliates are mortgaged and all such leasehold interests have been assigned under the Company's bank credit agreement.

The Company believes that its properties, both owned and leased, are in good operating condition, subject to normal wear and tear, and are suitable and adequate for the Company's current business operations.

Upon consummation of the Proposed Acquisitions, the Company will own tower sites in Birmingham and Windham Springs, Alabama and an office/studio of approximately 35,000 square feet in Milwaukee, Wisconsin. These sites in Alabama and Wisconsin may be sold to an affiliate at fair market value and leased back to the Company at market rental rates in accordance with the Company's standard practice. The purpose of such transactions is to eliminate liability and risk to the Company in connection with ownership and maintenance of the towers and transmitters located on such properties. In addition, the Company will assume the lease of a 9,750 square foot office/studio in Birmingham, Alabama that runs until January 2006, and a tower site in Milwaukee, Wisconsin that runs until December 1999.

ITEM 3. LEGAL PROCEEDINGS

The Company currently and from time to time is involved in litigation incidental to the conduct of its business. The Company is not a party to any lawsuit or proceeding which, in the opinion of the Company, is likely to have a material adverse effect on the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders in the fourth quarter of 1993.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

There is no established public trading market for the Company's common stock.

ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated financial data for the years ended December 31, 1989, 1991 , 1992 and 1993 and the nine months ended September 30, 1990 and the three months ended December 31, 1990 have been derived from the audited Consolidated Financial Statements.

The acquisition by the Company on September 30, 1990 of the stock of Julian S. Smith and Carolyn C. Smith (the "Founders' Stock") was accounted for under the "push-down" method of accounting and a new accounting basis was established for the Company beginning September 30, 1990. Accordingly, results of operations for periods prior to September 30, 1990 are not comparable to results for subsequent periods.

	The Predecessor		The Company			
	Year Ended December 31, 1989	Nine Months Ended Sept. 30 1990(a)(b)	Three Months Ended Dec. 31, 1990	Year Ended December 31, 1991(c)(d)	1992	1993
			(Dollars in thousands)			
Statement of Operations Data:						
Net broadcast revenues	$38,690	$27,268	$10,205	$45,358	$67,349	$72,314
Operating expenses, excluding depreciation and amortization and special bonuses to be paid to executive officers	25,052	15,176	6,448	25,187	31,117	28,690
Depreciation and amortization (e)	9,913	5,156	1,765	18,078	30,920	22,486
Special bonuses paid to executive officers	—	—	—			10,000
Broadcast operating income	3,725	6,936	1,992	2,093	5,312	11,138
Interest expense	4,052	3,426	1,402	8,895	12,997	12,852
Interest and other income	146	324	150	562	1,207	2,131
Income (loss) before (provision) benefit for income taxes and extraordinary item	(181)	3,834	740	(6,240)	(6,478)	417
Net income (loss) before extraordinary item	(898)	2,342	452	(4,660)	(5,289)	(543)
Net income (loss)	(898)	2,342	452	(4,660)	(5,289)	(8,450)

	The Predecessor As of December 31, 1990	The Company As of December 31, 1990(a)(b)	1991(c)(d)	1992	1993
		(Dollars in thousands)			
Balance Sheet Data:					
Total assets	$51,156	$75,102	$149,227	$139,728	241,774
Total debt (f)	31,020	51,280	112,303	110,659	224,646
Total stockholders' equity	(793)	1,608	(3,052)	(3,765)	(12,167)

(a) On September 30, 1990, the Company redeemed all of the Founders' Stock. The redemption was accounted for under the "push-down" method of accounting since approximately 73% of the outstanding shares of capital stock was purchased and a management control group became owner of all of the Company's outstanding capital stock.

(b) On September 30, 1990, the Company sold Channel 63, Inc., the owner and operator of WIIB, to the Current Stockholders. The statement of operations, balance sheet and other data subsequent to this date do not include amounts of Channel 63, Inc. and are therefore not comparable to preceding periods.

(c) WPGH, Inc. acquired the assets of WPGH on August 30, 1991. The statement of operations, balance sheet and other data presented for periods preceding this date do not include amounts for WPGH and are therefore not comparable to subsequent periods.

(d) WPTT was sold on August 30, 1991. The statement of operations, balance sheet and other data presented for periods subsequent to this date do not include amounts for WPTT and are therefore not comparable to preceding periods.

(e) Depreciation and amortization includes amortization of program contract costs and net realizable value adjustments, depreciation and amortization of property and equipment, and amortization of acquired intangible broadcasting assets and other assets including amortization of deferred financing costs.

(f) Total debt is defined as long-term debt, net of unamortized discount, and capital lease obligations, including current portion thereof, and warrants outstanding. The warrants were purchased by the Company for $10,350 during 1993. Included in the 1993 total is $100,000 of Senior Subordinated Notes to be redeemed on March 30, 1994.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

The operating revenues of the Company are derived from local and national advertisers and, to a much lesser extent, from Fox for the broadcast of programming and from commercial production. The primary operating expenses involved in owning and operating television stations are employee salaries and commissions, depreciation and amortization, programming, news gathering, production and promotion.

The Consolidated Financial Statements reflect an increase in net broadcast revenues and operating expenses before depreciation and amortization from 1990 to 1991, from 1991 to 1992 and from 1992 to 1993. The primary reason for the increase in net broadcast revenues from 1990 to 1991 was the purchase of television station WPGH in August 1991. Excluding the acquisition of WPGH, the Company's revenue growth was adversely affected by the reduction in national and local advertising revenues due to the 1991 economic recession and the additional impact of reduced local and national advertising revenues due to the Gulf War in early 1991. The growth of the Company's overall net broadcast revenues has exceeded the overall growth of its markets in 1992 and 1993. These increases can be attributed to the introduction of local news programming in the Baltimore market, improved ratings due to the continued success of Fox programming and an increase in viewership during the Monday through Friday 6:00 p.m. to 8:00 p.m. "fringe" time period. The primary reason for the increase in 1992 operating expenses was the additional costs associated with the full-year operation of WPGH. Depreciation and amortization and interest expense increased from 1990 to 1991 and from 1991 to 1992 primarily due to increases in these expenses as a result of the acquisition of both the Founders' Stock and WPGH. These expenses decreased from 1992 to 1993 due to reduction of amortization and repayment of notes payable and commercial bank financing. As a result, the Company experienced net losses before extraordinary items of $4.7 million, $5.3 million and $0.5 million for 1991, 1992 and 1993. Extraordinary items in 1993 consisted of a gain on the purchase of warrants of $1.3 million, a loss on repayment of commercial bank debt of $11.0 million, a loss on redemption of Senior Subordinated Notes of $1.1 million and related tax benefits of $2.9 million.

The pro forma financial data presented for 1990 reflect the combined results of the predecessor company for the nine months ended September 30, 1990 and the Company for the three months ended December 31, 1990 as if the acquisition of the Founders' Stock had occurred on January 1, 1990. On September 30, 1990, the Company sold Channel 63, Inc. (WIIB) to the Current Stockholders. WPGH was acquired and WPTT-TV in Pittsburgh ("WPTT") was sold on August 30, 1991. The statement of operations, balance sheet and other data presented for periods subsequent to the date of these transactions are therefore not comparable to preceding periods.

Set forth below are the principal types of broadcast revenues received by the Company's stations for the periods indicated and the percentage contribution of each type to the total gross broadcast revenues.

	Year Ended December 31,							
	1990		1991		1992		1993	
	(Dollars in thousands)							
REVENUES								
Local/regional advertising	$20,929	53.7%	$22,246	47.9%	$31,965	46.6%	$36,586	47.7%
National advertising	17,172	44.1	23,290	50.2	34,994	51.1	39,245	51.2
Network compensation	205	0.5	346	0.7	349	0.5	232	0.3
Political advertising	296	0.8	168	0.4	675	1.0	158	0.2
Production	358	0.9	386	0.8	556	0.8	483	0.6
Operating revenues	38,960	100.0%	46,436	100.0%	68,539	100.0%	76,704	100.0%
Other revenues	0		0		16		14	
Advertising revenues	38,960		46,436		68,555		76,718	
Less: Agency commissions	5,581		6,738		10,011		11,296	
Advertising revenues, net	33,379		39,698		58,544		65,422	
Barter revenues	4,094		5,660		8,805		6,892	
Broadcast revenues, net	$37,473		$45,358		$67,349		$72,314	

The Company's primary types of programming and their approximate percentages of 1993 net broadcast revenues were Fox prime time (17%), children's programming (17%) and other syndicated programming (32%).

The Company's three largest categories of advertising for 1993 were automotive, children's and fast food advertising, accounting for 13.3%, 11.5% and 10.2% of the Company's net broadcast revenues, respectively. No other advertising category accounted for more than 10% of the Company's net broadcast revenues in 1993. No individual advertiser accounted for more than 5% of any individual station's net broadcast revenues in 1993.

Results of Operations

Years Ended December 31, 1992 and 1993

	Years Ended December 31,				Increase (Decrease)	
	1992		1993		1992 vs. 1993	
	Amount	Percent of Net Revenues	Amount	Percent of Net Revenues	Amount	Percent Change
	(Dollars in thousands)					
Broadcast revenues, net	$67,349	100.0%	$72,314	100.0%	$4,965	7.4%
Operating expenses excluding depreciation and amortization and special bonuses paid to executive officers	31,117	46.2	28,690	39.7	(2,427)	(7.8)
Depreciation and amortization	30,920	45.9	22,486	31.1	(8,434)	(27.3)
Special bonuses paid to executive officers	—	—	10,000	13.8	10,000	(a)
Total operating expenses	62,037	92.1	61,176	84.6	(861)	(1.4)
Broadcast operating income	5,312	7.9	11,138	15.4	5,826	109.7
Interest expense	(12,997)	(19.3)	(12,852)	(17.8)	(145)	(1.1)
Interest and other income	1,207	1.8	2,131	2.9	924	76.6
Net (loss) income before provision for income taxes and extraordinary item	$(6,478)	(9.6)%	$417	0.6%	$6,895	(a)

(a) Not meaningful.

Net broadcast revenues increased from $67.3 million for the 1992 to $72.3 million for 1993, or 7.4%. This increase was due primarily to the continued success of Fox programming with an increase of net broadcasting revenues of approximately 35% during prime time network programming, an increase in net broadcasting revenues during the Monday through Friday 6:00 p.m. to 8:00 p.m. "fringe" time period of approximately 15%, the change from survey to metered rating services in Baltimore and Pittsburgh and increased ratings of news programming in Baltimore. Offsetting these increases was a decline in children's advertising revenue of 10.6% occurring primarily in the fourth quarter of 1993 and decreases in barter revenues of 21.7%. The only rating service available in Pittsburgh will be a survey rating service beginning in 1994 with the decision by Arbitron to discontinue its national audience measuring services. Although such a change is likely to counteract the benefits that resulted from a metered service in Pittsburgh, the Company does not believe that it will have a material adverse impact on the results of operations of the Company.

Operating expenses, excluding depreciation and amortization and special bonuses, decreased from $31.1 million for 1992 to $28.7 million for 1993, or 7.8%. This decrease was due primarily to a reduction in barter revenues which had a corresponding decrease in barter expenses. Barter expenses declined $2.0 million from 1992 to 1993. The primary components of this decrease were an increase in Fox children's programming replacing $1.2 million of syndicated barter children's programming and a decline in the value of the Arsenio Hall show and sports programming of $0.8 million. Additionally, cash operating expenses declined approximately $0.4 million due to decreases in advertising and production expenses and consulting fees despite increases in sales commissions. As a percentage of net broadcast revenues, operating expenses declined from 46.2% to 39.7% due to continued cost controls.

Depreciation and amortization expenses decreased from $30.9 million for 1992 to $22.5 million for 1993, or 27.3%. This decrease was primarily attributable to net realizable value adjustments of approximately $3.0 million to the WPGH programming inventory during 1992, the decreased amount of program amortization on WPGH programming of $2.6 million and the decreased amount of amortization on certain acquisition related intangibles amortized on an accelerated basis.

Broadcast operating income increased from $5.3 million for 1992 to $11.1 million for 1993. The increase is a result of the aforementioned increases in net broadcast revenues, and the decreases in depreciation and amortization. A special bonus paid to executive officers of $10.0 million decreased broadcast operating income for 1993. Broadcast operating income for 1993, excluding these bonuses, was $21.1 million, a 297.9% increase over the comparable period for 1992.

Interest expense decreased from $13.0 million for 1992 to $12.9 million for 1993, or 1.1%. This decrease was due to lower interest rates and reductions in principal balances of indebtedness resulting from quarterly installment payments on the Company's term loan, and was partially offset by the interest expense relating to the Senior Subordinated Notes held in escrow. Otherwise, the interest expense decrease would have been approximately 5.8%.

Interest and other income increased from $1.2 million for 1992 to $2.1 million for 1993, or 76.7%, primarily due to proceeds in excess of carrying value of related life insurance policies. This non-taxable gain was received in May 1993 and has been recorded as other income.

Net loss before provision for income taxes went from $6.5 million for 1992 to a net income of $0.4 million for 1993. However, during 1993, the Company generated a net income before provision for income taxes, excluding the special bonuses paid to executive officers, of $10.4 million.

Net loss increased from $5.3 million for 1992 to $8.5 million for 1993, or 59.8%, primarily due to the recognition of extraordinary items and payment of the special bonuses to executive officers in 1993. Excluding these bonuses, the Company would have had net income of $1.6 million.

Years Ended December 31, 1991 and 1992

	Year Ended December 31, 1991 Amount	1991 Percent of Net Revenues	1992 Amount	1992 Percent of Net Revenues	Increase (Decrease) 1991 vs. 1992 Amount	Percent Change
	(Dollars in thousands)					
Broadcast revenues, net	$45,358	100.0%	$67,349	100.0%	$ 21,991	48.5%
Operating before depreciation and amortization	25,187	55.5	31,117	46.2	5,930	23.5
Depreciation and amortization	18,078	39.9	30,920	45.9	12,842	71.0
Total operating expenses	43,265	95.4	62,037	92.1	18,772	43.4
Broadcast operating income	2,093	4.6	5,312	7.9	3,219	153.8
Interest expense	(8,895)	(19.6)	(12,997)	(19.3)	4,102	46.1
Interest and other income	562	1.2	1,207	1.8	645	114.8
Net (loss) income before provision for income taxes	$ (6,240)	(13.8)%	$ (6,478)	(9.6)%	$ (238)	3.8%

Net broadcast revenues increased from $45.4 million for 1991 to $67.3 million for 1992, or 48.5%. Net broadcast revenues in 1991 were negatively impacted by the Gulf War and the poor economic environment during 1991. The increase was primarily due to the inclusion of a full year of WPGH net advertising revenues compared to four months of net advertising revenues in 1991. Further increases in revenues were attributed to a full year of news programming on WBFF and general improvement in the Company's advertising revenues due to its increased audience share in Columbus and Pittsburgh. Overall gross advertising revenues in the Company's three markets grew 9.5% from 1991 to 1992 while the Company's gross advertising revenues grew 47.6%, reflecting a significant increase in the Company's market share of advertising revenues.

Operating expenses before depreciation and amortization increased from $25.2 million for 1991 to $31.1 million for 1992, or 23.5%. This increase is primarily attributable to the costs resulting from the acquisition of WPGH on August 30, 1991. The acquisition resulted in an increase in the amount of first- run syndicated programming under contract. This increased programming resulted in a 15.7% increase in selling, general and administrative expenses due to higher levels of commissions paid to sales people and a 56.0% increase in barter expenses.

Depreciation and amortization increased from $18.1 million for 1991 to $30.9 million for 1992, or 71.0%. Amortization of program contract costs and net realizable value adjustments were $9.7 million and $16.3 million for 1991 and 1992, respectively. The increase in depreciation and amortization was primarily due to the acquisition of the WPGH assets and increases related to the equipment acquired for news programming to be aired on WBFF. Due to programming commitments entered into in 1992, it was determined that net realizable value adjustments were required for certain program contracts acquired in connection with the WPGH acquisition. Approximately $3.0 million of charges related to these contracts were included in amortization of program contract costs and net realizable value adjustments during 1992.

Broadcast operating income increased from $2.1 million for 1991 to $5.3 million for 1992, or 153.8%, due primarily to the inclusion of WPGH for 12 months of operation in 1992 as compared with four months in 1991.

Interest expense increased from $8.9 million for 1991 to $13.0 million for 1992, or 46.1%, primarily as a result of the higher level of debt incurred by the Company to acquire WPGH in August 1991.

Net loss before provision for income taxes increased from $6.2 million in 1991 to $6.5 million in 1992, or 3.8%.